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E.O. 12958: DECL: 01/02/2027  
TAGS: [PREL](#) [PGOV](#) [KDEM](#) [KCRM](#) [PA](#)  
SUBJECT: PARAGUAY: BATTLE ROYALE IN MAKING OVER VP  
PRESIDENTIAL BID

REF: ASUNCION 255

Classified By: PolCouns James P. Merz; Reasons 1.4(b),(d)

¶1. (C) SUMMARY. Few politicians, including President Duarte, have responded in depth publicly to Vice-President Castiglioni's surprise announcement on March 28 of his presidential bid. In a hard-ball backroom maneuver, however, VP supporter Senator Argana has been warned that supporting Castiglioni could produce the release of imprisoned coup-plotter Oviedo. Anti-Drug Secretariat Director Ibarra warns many government officials tied to the Vice-President, including himself, could lose their job in the coming year as the President looks to rally support around his candidate for president, Education Minister Blanca Ovelar. END SUMMARY.

VP Announcement Generates Little Enthusiasm

¶2. (U) Castiglioni's announcement March 28 caught everyone by surprise, including his boss, President Duarte, and his own closest political ally, Sen. Nelson Argana, the titular head of the Colorado Party's most important movement. Most Colorado leaders acknowledged Castiglioni's right to put his hat in ring. However, several signaled some resentment that he did work the timing of this decision through the party's hierarchy. The President publicly wished Castiglioni luck but declined further comment. Former Health Minister Julio Velazquez rejected the Vice-President's candidacy because, he remarked sarcastically, "the U.S. Ambassador will be his campaign chief." We understand the President continues privately to push the candidacy of his Education Minister Blanca Ovelar.

President Raises Stakes for Key Castiglioni Supporter

¶3. (C) Much is riding on the National Reconciliation Movement coming out strongly in favor of Castiglioni's candidacy as it represents the largest faction within the Colorado Party. According to VP advisor Juan Facetti (please protect), President Duarte sent a messenger to Sen. Nelson Argana, the titular head of National Reconciliation Movement, warning him that he (Duarte) would green light release of imprisoned coup-plotter Lino Oviedo should Argana throw his support to Castiglioni. (NOTE: Oviedo is the arch-enemy of the Argana family. In addition to his coup conviction, Oviedo is awaiting trial on charges he was the intellectual author of the 1999 assassination of then Vice-President Luis Maria Argana, Nelson Argana's father. END NOTE)

## Castiglioni Supporters Throughout the Government on Alert

¶4. (C) Anti-Drug Secretariat (SENAD) Director Hugo Castor Ibarra told PolCouns that he expects the President to start going after supporters of Castiglioni in the weeks and months ahead. Ibarra, widely recognized as a friend of the U.S. and Castiglioni, thought he himself could be one of the first to go. He conveyed concern that the person who replaces him would be selected on the basis of political loyalty to the President and a predisposition to turn a blind eye to drug trafficking that delivers money into Colorado Party coffers.

¶5. (C) Ibarra lamented government employees over the next 14 months will be expected to campaign for the President's candidate, or face the threat of losing their job. As a sign of things to come, Ibarra told PolCouns that the three Supreme Court Justices who had indicated they planned to attend the scheduled inauguration of a SENAD helipad (constructed with USG funds) for April 11 have since called to cancel their attendance. Ibarra assumes it is because they expect Castiglioni to attend and do not want to be seen with him.

¶6. (C) COMMENT: The gloves are coming off for the fight between Castiglioni and Duarte's candidate, Blanca Ovelar, for the Colorado Party candidacy. The Colorado Party is well accustomed to ugly rows over the Party's candidacy and this one promises to be no exception. We can expect some of our own allies within the government to face some resistance as the President seeks to rally his supporters and push back Castiglioni's bid. END COMMENT.  
CASON